REMARKS

In light of the above amendatory matter and remarks to follow, reconsideration and allowance of this application are respectfully requested.

Claims 4-5 were rejected under 35 U.S.C. . §112, second paragraph, since there is insufficient antecedent basis for "financial instrument." Claims 4 and 5 have been amended to change "financial instrument" to "payment instrument," for which antecedent basis is provided in claim 3. It is requested that the rejection of claims 4 and 5 under 35 U.S.C. §112, second paragraph, be withdrawn.

Claims 1-27 were rejected under 35 U.S.C. §103(a) as being unpatentable over Davis (USP 6,105,008) in view of Camp (USP 6,076,078). Independent claims 1, 11, 18 and 19 have been amended to better clarify the claimed invention. In particular, each of these claims has been amended to specify various operations being carried out during "a commercial transaction" and that one of those steps includes polling of a previous merchant to obtain information about a previous transaction that the consumer had with the previous merchant. This feature was previously recited in claim 10, which is cancelled herein.

In the office action, in addressing claim 10 (office action, page 6), the Examiner acknowledges that Davis does not disclose polling the previous merchant. However, the Examiner asserts that "Davis does teach about the interaction between the payment server, the security server and the merchant server and further teaches that the security and payment server can be one in the same. Col. 4, lines 25-36." The Examiner further asserts that it would have been obvious to modify Davis to provide the recited feature. Contrary to this assertion, the present invention, as recited in each of the independent claims, carries out a

distinct process which offers distinct features not shown in the prior art. Notably, the recitation of "polling the previous merchant" to ascertain the amount of the previous transaction (which polling takes place during a transaction with another merchant), calls for actually communicating with the previous merchant (or the previous merchant's computer systems), not simply looking up the information of the previous transaction in a database maintained by a clearing server.

The specification on page 27, lines 9-19 recites,

> "If the token has been previously decremented, the last requesting merchant ID is retrieved in step 190, and the clearing server database 13 is checked to see if there were sufficient qualifying uploads from that merchant. If there were, the amount spent by the consumer is ascertained in step 194, and in step 204 a new token 68 as well as the requested key is generated and returned to the merchant in step 188. Please recall that the merchant will in its turn forward this information to the consumer 16. The new token will be passed along to the consumer 16 with an overwrite key. If there were not sufficient qualifying uploads, the merchant 14 is polled in step 196 to obtain amount spent by the consumer. If the merchant did not upload consumer information, as determined in step 198, appropriate parties will be alerted to that fact in step 200. Otherwise the consumer information is stored in step 202 and the processing of program 170 continues from step 194."
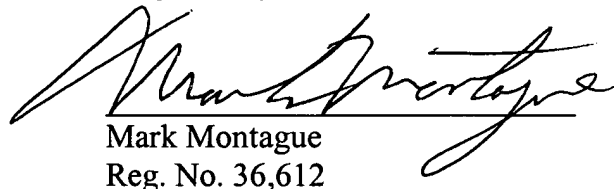
The process described in this passage is shown in Fig. 8b of the drawings. Of particular importance is that the previous merchant does not need to communicate with the clearing server multiple times, at least at the time the transactions are taking place. The previous merchant initially is provided with the key to process a first transaction with the consumer. After completion of that transaction, the consumer can commence a second transaction with that same merchant without the need to communicate with the clearing server again at that time. The merchant already has the key. Later, when the consumer attempts to make a purchase from another merchant, since the value of the token has changed (due to the second transaction with the previous merchant), it is necessary to poll the

12

previous merchant to obtain the amount of that second transaction with the previous merchant. It is important to note that until the polling takes place, the necessary information is not yet in the hands of the clearing server. Moreover, the claims now clearly provide that such polling with the previous merchant is carried out during a transaction with a subsequent merchant. Thus, the Examiner's reference to Davis's teaching that the security and payment servers can be one in the same is inapposite.

It is therefore submitted that the invention as recited in independent claims 1, 11, 18 and 19 is patentably distinct and unobvious over the combination of Davis and Camp. It is requested that the rejection of the claims under 35 U.S.C. § 103(a) be withdrawn.

In view of the foregoing amendments and remarks, reconsideration and allowance of this application are respectfully requested.

Respectfully submitted,

Mark Montague
Reg. No. 36,612

COWAN, LIEBOWITZ & LATMAN, P.C.
1133 Avenue of the Americas
New York, NY 10036-6799
(212) 790-9200

13

24065/050/695749.1